

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 COA-02 AGR-20 INT-08 /167 R

DRAFTED BY ARA/ECP:MDAVILA:MB

APPROVED BY ARA/ECP:WEKNEPPER

ARA-LA/EP:MFRECHETTE (DRAFT)

EB/GCP:DDUNFORD (DRAFT)

TREASURY:JJOHNSON (DRAFT)

COMMERCE:RRODRIGUEZ (DRAFT)

STR:BSTEINBOCK (DRAFT)

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R 022131Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY LIMA

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E.O. 11652: N/A

TAGS: ETRD, PE

SUBJECT: INVENTORY OF PERU TRADE PROBLEMS

1. ONE OF THE KEY AREAS OF LATIN AMERICAN CONCERN HAS BEEN THAT OF US-LATIN AMERICAN TRADE ISSUES. THIS WAS HIGHLIGHTED BY THE MEXICO CITY AND WASHINGTON FOREIGN MINISTERS' MEETINGS AND BY AMBASSADOR EBERLE'S TRADE CONSULTATION TRIP TO LATIN AMERICA. AS A FOLLOW-UP TO THE SECRETARY'S INITIATIVES IN THE TRADE FIELD, THE DEPARTMENT IS IDENTIFYING THE SIGNIFICANT COUNTRY-SPECIFIC TRADE PROBLEMS OF THE REGION.

2. IN THIS CONNECTION, THE DEPARTMENT HAS PREPARED A PRELIMINARY INVENTORY OF SIGNIFICANT TRADE ISSUES AFFECTING

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PERU (SEE PARA. 3). THE ISSUES HAVE BEEN GROUPED UNDER

FOUR GENERAL HEADINGS WHICH INCLUDE PROBLEMS THAT PERU HAS WITH THE US AS WELL AS PROBLEMS WE HAVE WITH THEM. THE EMBASSY IS REQUESTED TO REVIEW THE LISTING AND SUBMIT ANY ADDITIONS OR COMMENTS BY AUGUST 9.

3.A. PRINCIPAL PERUVIAN TRADE PROBLEMS WITH THE US:

1. CUBAN ASSETS CONTROL REGULATIONS: PERU HAS INCREASING TRADE WITH CUBA AND SOME OF THE PRODUCTS EXPORTED INCLUDE COMPONENTS MANUFACTURED BY US COMPANIES. A SPECIFIC CASE INVOLVES US MANUFACTURED DECK GEAR, WORTH ABOUT 5 MILLION DOLLARS, ON SHRIMP AND TUNA FISHING VESSELS WORTH ABOUT 25 MILLION DOLLARS BEING SOLD TO CUBA. IN THIS CASE NO SALES WERE LOST BY PERU BUT THE ANNOYANCE AND RESENTMENT REGARDING THESE US REGULATIONS COULD HURT SUBSIDIARIES OF US COMPANIES OR DISTRIBUTORS OF US PRODUCTS IN PERU.

2. PERUVIAN INTEREST IN EXPORTING BONITO TO US LABELLED AS TUNA: THE PERUVIANS ARGUE THAT BONITO IS JUST A VARIETY OF TUNA AND IF IT COULD BE SOLD IN THIS COUNTRY AS TUNA, AN ACCEPTED PRODUCT WITH A LARGE MARKET, PERU COULD EXPORT A GREAT DEAL OF IT.

3. TEXTILE AGREEMENT: THE PERUVIANS BELIEVE THAT THE FIVE MILLION SQUARE YARD CEILING ON EXPORTS TO THE US PROVIDED FOR IN THE TEXTILE BILATERAL AGREEMENT IS TOO LOW.

4. ACCESS TO CERTAIN RAW MATERIALS -- US FERROUS SCRAP.

B. PRINCIPAL US TRADE PROBLEMS WITH PERU:

1. PERU'S SUPPORT OF UNILATERAL PRODUCER EFFORTS IN CIPEC TO ESTABLISH A FLOOR PRICE FOR COPPER (ALTHOUGH SUCH PRICE WOULD NOT HAVE A SERIOUS IMPACT ON THE US ECONOMY).

C. PRINCIPAL PERUVIAN TRADE PROBLEMS WITH OTHER LATIN AMERICAN COUNTRIES: NONE IDENTIFIED.

D. PRINCIPAL PERUVIAN TRADE PROBLEMS WITH NON-LIMITED OFFICIAL USE

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HEMISPHERIC COUNTRIES: NONE IDENTIFIED. KISSINGER

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